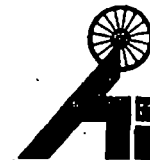


**GWALIA (U.S.A.) LTD.**

World Trade Center  
1675 Broadway, Suite 2350  
Denver, Colorado 80202  
U.S.A.  
Telephone (303) 592 4580  
Facsimile (303) 592 4586

22 August 1989

Mr. George Flander  
President  
Bowater, Inc.  
Carolina Division Woodlands  
5300 Cureton Ferry Rd.  
Catawba, SC 29704

Dear George,

Enclosed is a memorandum of lease. This document is required by our title insurance company. Would you please review this document, execute it and return it to us as soon as convenient.

Sincerely,

Michael Drozd  
Vice-President-Operations

MAD/baw

Enclosure

*Catawba*



10755483

STATE OF SOUTH CAROLINA	)	MEMORANDUM OF LEASE
	)	
COUNTY OF McCORMICK	)	BOWATER INCORPORATED
	)	TO GWALIA (USA), LTD.
	)	

WHEREAS, by Exploration Agreement with Option to Lease originally effective as of the first day of September 1985 (hereinafter called the "Lease"), Bowater Incorporated, a Delaware corporation, whose address is Post Office Box 7, Catawba, South Carolina (hereinafter called the "Landlord"), granted, demised and leased unto Gwalia (USA), Ltd., a Delaware corporation, whose address is 1675 Broadway, Denver Colorado, as successor to the rights of Amselco Exploration Inc. under the Lease (hereinafter called the "Tenant"), that certain real property located in the County of McCormick in the State of South Carolina as described on Exhibit A attached hereto (the "Premises"); and

WHEREAS, the Premises has been leased for a term ending on the later of September 1, 2005 or the September 1 immediately following the date Gwalia ceases commercial production as more particularly set out in the Lease;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that for and in consideration of the rents, conditions and obligations to be performed by Tenant and the covenants and warranties by Landlord, all as set out in the Lease, said instrument being hereby incorporated by reference as if fully set out herein, Landlord and Tenant have caused these presents to be executed for the purpose of evidencing the Lease and providing record notice to

all concerned by hereby recording this Memorandum in the Office of the Clerk of Court for the County of McCormick, State of South Carolina.

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed this \_\_\_\_ day of June, 1989.

WITNESSES:

BOWATER INCORPORATED

By: \_\_\_\_\_

Its: \_\_\_\_\_

GWALIA (USA), LTD.

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

PROBATE

Before me, the undersigned notary public personally appeared \_\_\_\_\_, who being duly sworn, deposed and said that \_he saw Bowater Incorporated, by its \_\_\_\_\_, sign and deliver the foregoing Memorandum of Lease and that \_he together with \_\_\_\_\_ witnessed the execution thereof.

\_\_\_\_\_

Witness

SWORN TO and subscribed  
before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 1989

Notary Public for \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) PROBATE

Before me, the undersigned notary public personally appeared \_\_\_\_\_, who being duly sworn, deposed and said that he saw Gwalia (USA), Ltd., a Delaware corporation, by its \_\_\_\_\_, sign and deliver the foregoing Memorandum of Lease and that he together with \_\_\_\_\_ witnessed the execution thereof.

\_\_\_\_\_  
Witness

SWORN TO and subscribed  
before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 1989

\_\_\_\_\_  
Notary Public for \_\_\_\_\_

My Commission Expires: \_\_\_\_\_